

386.498 Payment of income taxes.

- (1) A tax required to be paid by a trustee based on receipts allocated to income shall be paid from income.
- (2) A tax required to be paid by a trustee based on receipts allocated to principal shall be paid from principal, even if the tax is called an income tax by the taxing authority.
- (3) A tax required to be paid by a trustee on the trust's share of an entity's taxable income shall be paid proportionately:
 - (a) From income to the extent that receipts from the entity are allocated to income; and
 - (b) From principal to the extent that:
 1. Receipts from the entity are allocated to principal; and
 2. The trust's share of the entity's taxable income exceeds the total receipts described in paragraph (a) of this subsection and paragraph (b)1. of this subsection.
- (4) For purposes of this section, receipts allocated to principal or income shall be reduced by the amount distributed to a beneficiary from principal or income for which the trust receives a deduction in calculating the tax.

Effective: January 1, 2005

History: Created 2004 Ky. Acts ch. 158, sec. 25, effective January 1, 2005.